

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 NEA-10 EB-11 SPC-03 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 SCEM-02

INT-08 DRC-01 IO-14 /198 W

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 2246

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E.O. 11652: GDS

TAGS: ENRG VE

SUBJECT: VENEZUELAN PETROLEUM RELATIONSHIPS

REF: CARACAS 10930

1. WHEN I SAW FONMIN CALVANI TODAY ON ANOTHER URGENT MATTER, HE SAID THAT, FOLLOWING THE REPRESENTATION I MADE DECEMBER 22, HE HAD ASCERTAINED THAT VENEZUELA WOULD BE PRESENT AT THE TEHRAN MEETING IN AN OBSERVER STATUS ONLY AND THAT ITS REPRESENTATIVE HAD NOT PARTICIPATED IN THE OPEC DELIBERATIONS. CALVANI ADDED THAT, "VENEZUELA'S OIL PRICES WILL BE SET ACCORDING TO CONDITIONS AFFECTING VENEZUELA."

2. COMMENT: THIS WAS INDEED THE UNDERSTATEMENT OF THE DAY SINCE WE LEARN FROM PRESS SOURCES THAT MINISTER OF MINES AND HYDROCARBONS HAS ANNOUNCED THAT NEW TAX REFERENCE VALUES HAVE BEEN SET AT \$14.09, A FIGURE MUCH IN EXCESS OF THE SHAH'S POSTULATION IN TEHRAN.

3. EXPATIATING ON THE GENERAL WORLD ENERGY CRISIS, CALVANI SAID THAT AS LONG AGO AS 1969 HE HAD
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BEEN PREDICTING AN EVENTUAL CRITCAL MOMENT WHEN

IT WOULD BECOME OBVIOUS TO EVERYONE THAT THE WORLD ECONOMIC SYSTEM AS PRESENTLY CONSTRUCTED COULD NOT STAND THE STRAINS IMPOSED UPON IT. HE SAID RHETORICALLY, "WE ARE SUBJECT TO WORLD PRICE FLUCTUATIONS WHEN WHEAT GOES UP OR DOWN, WHEN SOYBEANS GO UP OR DOWN, WHEN VIATL COMMODITIES ARE SCARCE--BUT AT THE SAME TIME EVERYONE CRITICIZES THE OIL PRODUCING COUNTRIES WHEN THEY TOO REFLECT THE DIFFERENCES IN PRICE."

4. CALVANI CONTINUED BY SAYING THAT THE WORLD ECONOMIC STRUCTURE WAS TOO MUCH AWRY IN THAT ON ONE SIDE THERE WERE THE SOCIALIST AND COMMUNIST COUNTRIES WITH CONTROLLED ECONOMIES, JUXTAPOSED TO THE SUPPOSED FREE ECONOMIES OF THE "CAPITALIST" COUNTRIES, WITH THE THIRD WORLD IN BETWEEN. IT WAS NECESSARY TO HAVE AN ENTIRE NEW LOOK AT THE ECONOMIC STRUCTURE OF THE WORLD AND NOT CONCENTRATE ONLY ON OIL.

5. I HAD THE IMPRESSION THAT CALVANI MIGHT REPEAT THESE OBSERVATIONS WITH GREATER PRECISION AND EMPHASIS AT THE MEXICO CITY MEETING WITH SECRETARY KISSINGER.

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